Hongkong Electric Holdings Ltd

香港電燈集團有限公司

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Please address correspondence to PO Box 915, GPO Hong Kong



11th August 2006

Securities & Exchange Commission
Office of International Corporate Finance
450 Fifth Street N.W.
Washington, D.C. 20549
U.S.A.

Dear Sirs,



Hongkong Electric Holdings Limited Rule 12g3-2(b) Materials File No. 82-4086

The following materials are enclosed pursuant to Rule 12g3-2(b)(1)(iii) under the Securities Exchange Act of 1934 (the "Exchange Act"), in connection with the exemption from reporting under that Rule by Hongkong Electric Holdings Limited:

Press Announcement dated 10th August 2006 - Interim results for the half year ended 30th June 2006

Pursuant to Rule 12g3-2(b)(4) and (5), the enclosed materials shall not be deemed "filed" with the Commission or otherwise subject to the liabilities of Section 18 of the Exchange Act, and the furnishing of such materials shall not constitute an admission for any purpose that Hongkong Electric Holdings Limited is subject to the Exchange Act.

Yours faithfully,

PROCESSED

AUG 2 3 2006

THOMSON FINANCIAL

Lillian Wong
COMPANY SECRETARY

Enc. LW/jh AUG 2 1 2006

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香港電燈集團有限公司 Hongkong Electric Holdings Ltd.

| | 二零零六年中界 | 明菜 鐐 | | | |
|--|--|--|---|---|--|
| 電事局主席報告 | 来 医香枝醇合致益素 截至二字字六年六月三十日止之六個月 | | 25. 營業就及分享管務 本集務於本計政務內的主要素別 | ****** | |
| 中無濃度 二零學六年無關首六個月來經審校之綜合滋利·認和除税項及作管制計劃開發後·為瑞 | | 《秦玄大为当中日主之大何为 《三年李六年》(1)。 「二年李五年 | 平用器双手的权务内的主要集 。 | | ###################################### |
| 等二十四章七千九百萬元,較去年何期增加百分之八點四。相較於二零零五年所得的整 等五九度四千三百萬之世利,如为非常度使害四公司(整榜)共和为供養三十一度三千 | 建 | 勝擊百萬元 5歲計百萬元 道報 | | 象亚大月三十日止之大香月 二年年六年 二年年五年 陪告百高走 走节百高元 | 截至大月至十日上之大僧月 二年孝大年 二年年五年 雅蒙百真元 瑜蒂百真元 |
| 3. 7. 7. 2. 4. 1. 1. 1. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. 2. | 受強制 直接成本 | 3,653 3-5763 42,989) (717993) | 主要曲曲 電力開售及電力有額收入 技術框段收入 未分配及其他項音 | \$.634 - 5.338 19 - 25 | 3,281 2,998 |
| 中期島 | | 13,664 13,370 | 未分配及其他项目 | | |
| 董事局宣传工学学六年使中期息為极股五角八分(二学等五年為五角八分),股息符员 二学等六年九月二十二日孫發予二等等六年九月二十一日已报祀在股東名得之股份持 有人 | 工作收入及收益特额 工作管理成本 財務成本 | (417 482 (2)(404) (409) (181) (298) | 利品在人 | 5,633 3,363 | 3,341 3,003 |
| 本小司器於三掌掌大學九月十四日至三掌掌大年九月二十一日(首尾南天包括在內)停 | Essa . | 2006 19241 | 財務成本 未分配的集團支出 | | (191) (298) (11) (19) |
| 止解原通户手續·擬收取中期息之人士·班於二零學六年九月十三日下午四時前向股權 登記處辦理過戶手續· | "多亿整查公司股利益部通 | 773 2940 | . 是骨垫件 | | 3,494 3,145 |
| 分格集员 | ■投資盈利 所書税 | \$2569 \$2083 \$272) \$6540) | # * * * * * * * * * * * * * * * * * * * | | *** |
| 二年字六年首六恒月的售電量增長為百分之字點九·絕管香港經濟情况有所改卷·售電 這值稍微高於去年間期·豐電增長低主要由於前徵較多·天氣較為清涼,以及受多項期的 能測的計劃所影響·相較於二字字五年同期所錄得的二千三百六十三兆瓦最高客來豐, | BERR | 24297 2348 . | | | 数莫大月至十日此之大侧月 二塔塔大年 二塔塔瓦年 時智百高元 境常百萬元 |
| 三掌掌大年首大個月的最高需求量為二千四百三十四兆瓦。 公司於三掌掌六年上半年為南丫發電戲減少排放之計劃,續有遠展,而有關為第四號及 | を制作製品推奨人 ・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・・ | (619) (Sepasa) | 吞增 其他亞斯羅家及其他維爾 | | 5,647 3.355 E |
| 第五 號燃煤裡即河袋煙氣脫裝裝置的合約亦預期於今年九月推出 • 長遠九十三公風 · 由 按圳底南丫野信務的崇店复籍管道已越設完成 · 管道复施亦已通過測越 • 而继续首约300 | 建身面角 | (618) 3,6458) | | | 5,663 5,363 |
| ·兆克在別的燃氣聯合循環機组,即兩丫發電腦第九號模型的土木及機械工程框包完成, 能燃棄輸機亦於二等季六年六月三十日成功進行首改燃點 藍於佐衛南丫島的800年頁 風力發徵站,卷二等季五年九月開始者繼復於二季季六年二月二十三日正式贫產。問股 | 股本基金投 有 | | n. #4#8# | | |
| 於風站附近的展覽中心亦同時開放。夏茂引悲作民大學對認數可再生能源的責趣。 在二学孝五年開始展開的南丫發電威斯增韓電股施工程順有堆度,並已完成縣股至香港 | 沙 斯斯斯 | 1270 1 1787 | | | 就至大井区十日北之大侯月 二年学大年 二年等五年 豫寺百書元 排写百言元 |
| 島數碼港的275千伏電纜 其中一條電路亦已通電 | Aban Constitution | | 微观前签列已扣除 /(計入) 下 | 州県自: | |
| 確位的供信可靠程度在二零零六年首単年業績推荐在99,999%的世界級水平→境項起錄 自一九九七年以來一直錄弃至今-在二零零六音单年等出的五十億零八百萬度用電中。 隨業用電化百分之七十四點九-東長郑気化百分之二十一點一二五異角電化百分之四、 | 中海量多 | 1,238 1,238 | 折音 期內之折普要用 城去: 新苞语半仁 | | 1,008 (47) 999 (49) |
| 就香港電力市場未來發度所進行的第二階段節的·推提已於本年三月向取府呈交回應文 44、新政府水均用一百七年条份會見書·整管市民大眾數政政者與電力市場要靠的前首 | NEW TOTAL | 1160 1610 4880 752D | _+. | | 941 930 |
| 大步與中在電資及電力可靠的問題:但根據政府政策二階級諮詢所與論的意見:社會上 書場認為電力可靠程序和安全供電腦與影響,但即作為電力市場來與發展的主要序隊四 第、事實上、展集管預計四級的電力類解,知前及新西蘭首都與克蘭战斯國服的多次停電。 | 综合智道负值表 於二字字六年六月三十日 | Management of the state of the | 包的土地推開 便費個定從建設利用額 鄉佔聯督公司之民項 | | 27 29 (3) (13) 28 119 |
| 以至最近加州出现的供電緊張等情況,正好提醒我們維持安全可靠電力的重要性+軟美 听日季熱治停塞,你为當地雷調的機定性和可靠性,充分反映持續投資電力基準的重要 | | (*****) (E##) ***** = **14 | 五. 房务名 | | |
| 性:在毒推:現行的智制計製協議及協議所帶來的回線,線保有關的電力基度投資得以進行。以進五高度穩定和可謂的供電服器·這項服務水平在現今事後數据為提而含然,但在世界其他地方來必享受到,儘管港程支持政府及行的供電政策,雙点以合調價格提供安 | 1.89 | 二字字大序 二字字五年 大月三計日 2日二月三十一日 清書百賞文 海等百萬元 | | | 教室大月三十日上之大祭月 二年本大年 二年本五年 相告百典元 特殊百典元 史報 |
| 世界真他地方宋必多受到·儘管思想支持政府设行的供笔故策;更成以省级政治提供 全可靠的供笔及把對環境所造成的影響減至最低。但在地理的回應文件中,亦就政府意 籤的安辞是示藏性,特別是有關推許回報學,規管年期及更改辨放前則等方面,公司將應 | 東東南東直 第2章 | | **** | | , |
| 嚴與政府商討該等已表示關佐的事項,以期為放東爭取合應結果,亦同時確保客严得以 職績享有可靠的電力供應服務。 | 一 海 · 機 都 及 数 相 一 在 或 选 中 贤 重 一 · 根 接 医 管 和 質 持 作 自 用 | 37,700 38,294 -4,212 1,524 | 第四百万英斯美公司 一 香港 | | 542 ' 437 |
| | 之租的土租籍 基 | (2,412 2,440 | 建基包票 本公司及其附集公司 一 李相 | | 29 103 |
| 二章字六年上半年度,集團於機將的電力集藝在用電量和客戶數目方面均錄得增長。英 圖Northern Gas Networks重新狀況亦今人隔意。預測將可達到資營還及財務目標。在專 圖吻丞(Ratchsbury),集團擁有百分之二十五項益的1,400%瓦他氣營電廠或近工程服已 | 秦禮公司權益 其他美建動財務資產 | 46,334 867,258 5,741 71,780 1,697 71,682 | - šii | | |
| 展開·預期於二字零八年完成-該項目的融資安排亦已於年初商賞- 職者 | 《哲生》全面工具 《戴钰·牧·塔·香·唐 | 22 | 看得利得故华得乃世界取内的句 | | 572 540 (CFFEFBE#27274BE) |
| 不写。 股計多地下半年度的智電均幅,與上半年度相差,維持較低水平。此外,燃煤及天然無價 株高企務是據為燃料成本帶來歷力。推煙環時的電瓷販其在管例針對電腦下可收取的水 | 超過級外線利更產 | 170 170 170 170 170 170 170 | 計算·希外股項準備力機致达2 大。 使解数值调整 | 1 事務投資利以職用的技事計算。 | |
| 于古世、十年年世历是细胞来以午,為曾本产史表现也未仅且有更至未能最繁化的利潤。 | Casta Colonia | A CONTRACTOR OF THE PARTY OF TH | | 的 再生·专家的勇敢是定军方式的东西 | 於年度留戶時後總管賦計劃程度- · |
| 二等等大年上半年使·福管集配的限例的信力度務所佔据益有所被任,集团的国際投资项目仍表现度想: 桌面所需缴据取在等格也外处医投资集弱的资格。以诉任制等隐定力集新部制的依据-本人经证内资率局全支(信息及全额员工技能、选能他們努力不供) | ····································· | \$02 445 1,454 1,090 815 1,079 | 七、 中期至本 在资金的表现在 第字符章 | 6.展實中期很惠如下: | _ |
| 竭誠壓務·更感謝股東對無關展務一直的支持。 | · 概全及理查等值 | ç 4,357 .4,561 | , | | 概集大片型十年上之大银月 二季季大学 二字字五年 |
| 主席 | | 7.298 2.72.5 | 中期数基等数式向人分 (二年 | = 学五年基礎改五魚八分↓ | 二章章大学 二章章五年 豫章百高史 瑞市日高元 1,238 1,238 |
| 各能 · 二苯苯六年八月十日 , 財務問顧 | 重付售政况其他现项 集行建立——集组界 | (879) (1908) (45) (48) (393) (334) | A. *** | | |
| 警本網支→鍼痛警金→財政警察及登本負債比率 | 銀行貸款及其色貸款策動部分 本期吸資 | (see) 3 (220) | 每数数利量性原本原外原定量 百萬元)及本集內巴根(12,134 | 达型制度第二十四度七千九百萬元(.26(,654号他四(二年军五年為2,(34) | 二零零五年基份集份第二十二億八千七 261,654号組度)計算 |
| 期內之要本開支為地幣十一億三千七百萬元。既資本開支主要以內部資源及向外提款機 供資金。於二季單六年六月三十日。向外贷款總統為地幣一百二十億四千二百萬元二零 零五年十二月三十一日為地幣一百零六億四千五百萬元)。包括無抵押之銀行贷款及已 | | (1,777) (1,6550) 8,951 7 7 75725 | 九 库收普索及其抽条相 | | |
| 發行之債務證券・ | ***** | 39,551 29,558 | | | 二零零大年 二年等五年 大月三十月 十二月三十一日 韓春甘富元 希特甘富元 |
| 於二季季六年六月三十日,集团已承淮之銀行信贷超額為晚幣七十一億元;其中稅幣五十一億三千九百萬元已被酌用。此外,可酌用之批酌資金為總幣四十九億五千七百萬元 《二季季五年十二月三十一日為晚幣四十五億六千一百萬元》。於二零季六年六月三十 | | (11,544) (10,209) | 型生金能工具 医收集项(多数下升附註) | | 14 32 1,440 1,058 |
| 日集團之資本負債比率(序負債/股東資金)為百分之十七(二零零五年十二月三十一日為百分之十五)。 | 便 延 重付 延 項 及 其 他 重付 聚 项 。 | 12.5(32) | | * | 1,454 1.090 |
| 库赛家策及要本始的 | 落了社会 更更观众自然 第四是从国内教育 | (1,525) (1,508) (15,489) (5,382) (5333) (535) | 自收载项联龄分析如下: 少於一部片 一支三面片语前涂付 | | 742 555 26 24 10 10 |
| 集團以內部資源·銀行貸款及發行價項每組合提供集務所需資金·融資活動經妥善管理 確保已承擔之信貸安排足再應付再融資及與務上之資金需要 | | 2 A18912) (// /////// // ///////////////////// | 超級三個月包多数十二個月间 - 建重数量系统项 (多層下四形 | p i | 778 193 |
| 武二学等六年六月三十日·無關向外貸款包括外面及利率掉期合的在內的結構如下: (一) 百分之七十一以拖元為單位及百分之二十九以微元為單位; | M2 88 | | 完全·接付款项及尺地罩在是 Ac.: | A | 1,440 1,051 |
| (二) 百分之七十九為銀行贷款及百分之二十一為安本市場工具: | · · · · · · · · · · · · · · · · · · · | (518) | · · · · · · · · · · · · · · · · · · · | · 项供证客户的证券基本· 收到的已算 | D-6/DEN-PROSESSES |
| (並)百分之三貸款在一年內債缴·百分之八十七貸款保證期為二至五年及百分之十貸款債缴期超越五年; | | 40,531 -41,685 | | 作天的信用期限·最高负责供电客户复 扩展单内 | 化信用刷液复付料 则登陷电差行 |
| (四) 百分之四十五為定息或上限息無尿及百分之五十五為浮息順附 | 東本及警報 原本 総務 (本) (本) (本) (本) (本) (本) (本) (本) (本) (本) (本) (本) | 2 134 2 134 21 24 297 39:551 | 十。 現金泉現金等值 | | 二字字大學 二二字字五字 |
| ·美国的对库那权销管理外围及利率级牌,生要返用价生金融工具管理利率及外围風險。 美国的政策是不参测投版性交易、為了控制信贷规除。美国只具信贷等限被驾车可接受 的一方作时都交易、集团採用建期合的、利率及外面採期合的以管理外限交易服务。 | 本人可是京都位之股本面及通常。 | 34,397 39,551 39,551 41,585 | 保针及其他耐害措施之存款 | | 二年年五年 大月三十日 十二月三十一日 被曹百高龙 。 唯有百萬龙 4,938 4.548 |
| 李本六年六月三十日,無限超越百分之九十五之外匯風險已經越以養元為單位或已作對 付為際元成委元為單位。集團之海外投資在應當時以終交前。沒等融資本能與和部分外應 風險,無限以定息贷款或利用合驗之利率衍生工具以管理利率風險。於二零零六年六月 | 似 世 | · · · · · · · · · · · · · · · · · · · | 無行反共 吸射器 使用之 任 年 義 行 存 款 及 受 金 | | 19 13 |
| 三十日,朱履行的衍生工具合的名義趙颐為穆紫五十八億二千四百萬元(二字零五年十二月三十一日為穆紫一百率二億一千萬元)。 | 一。·審賞會明中開財務報告水同明中期財務報表乃永是書談·但己申書計學員會 | 作出模阵 | +~. 212222454 | | 4,957 4,561 |
| 条模赘密种記 | 二、超級的基準 | - B.C. (1 B.A.) - W. (1 B.) | T AN FEASTER | | 二零苯大年 二零字五年 大月三十日 十二月三十一日 ,接寄甘真元 培养百真元 |
| 於二等孝六年六月三十日,集團托押其舞有一宗告公司股份,作為鎮聯告公司項目融資 資數的部分抵押安鎮,鎮聯告公司的資產的值應幣八億二千七百萬元(二等等五年十二 月三十一日為德常三億五千八百萬元)。 | 本詹國之間明中期財務総查乃帳鐘者地聯合交易所4 者施會計學別第三十四號「中期財務報告」之關用的 陳別會反映在三零零六年企學財務服役之會對政策」 | · · · · · · · · · · · · · · · · · · · | 医性条项 (多数下来联注) | | . 接等甘食元 培等百萬元 1,042 |
| 減有債務 | 数二字字五字子中的音板是原用数相與。接接合計画 和及香港會計率数(「新添到」,查此二字字六字一片 字表面在二字字六字更新以下與本為標準等有質的。 | 企會已類與多項全數是維維打的香港財務報告的 一日或其使開始的會計期間主意或可识攝學展演。 新版的、原始性和新版的對於本意因對大調及與技術 | 概据题付领项或物部分 衍生金融工具 | | |
| 於二字字六年六月三十日,本公司款附屬公司之银行及其他借款及款附屬公司之財務承 簿合共能的五十年至五十二月百元(二字字五年十二月三十一日為總濟五十億字二百萬 元)而作出婚保及賠債保證。在該或有價粉中,能物五十億二十三百萬元(二字字五甲 | 同之素徵及射器飲稅並沒有能或意大影響。 (a) 增額會計集別第二十一號「外幣國車變換的影 | | | | #79 1.068 |
| 十二月三十一日為總幣四十七億八千一百萬元)已反映在集團的综合資產業課表內。" | | 计数]旅行 一 到明集顺内部交易之职业或者附件 | 應付職項級前分析如下: 一個月內別款 一個月後但正個月內別期 | # 2" - 2" | LB1 354 LB1 170 S59 4E5 |
| 於二零零六年六月三十日:無限之金質附屬公司香格僅經有限公司就一項於租的脫滿日之抱新二億一十萬元/以等零五率十二月三十一日為她粉二億一十萬元/放積租貿而向 第三君作出增保。 | (c) 各场专前序劾第三十九说《食魁工具:雍据县》 | | 宣信月 使乱十二倍月內內期 | * * | 841 1,013 |
| 秦三老节中以神味· | (4) 香港會計學創集三十九號「金融工具:雅諾及計一 財務海保合的 | 201及吞鸡时吞避各样对常四铁(保险合约)等打 | 其他瞻付程项 | | 37 29 878 1.042 |
| 無壓縮整度用按負工表提以穩定薪酬的政策及留意市場薪惠水平以際保薪酬具被平力。 截至二零零水每次月三十日止之;不信月,除宣客酬金外,提回的負工新局應支出機助 配借三千七百萬元(二零率五年六月三十日為成務回程四千七百萬元)。於三零零六年 | (e) 普維財務報告率財政標準與號 一 置定安排品 (f) 由於 (二字字五年香港公司 (修訂) 後質) 数卷 | 。 李维会計學則第一號「劍器報表之發報」。香港合 | 十二。 此意義孝 | | |
| 四位三千七百萬元 (二季李五年六月三十日為成等四位四千七百萬元),於二季李六年六月三十日,與個長期祖良人数為一千九百六十名 (二季李五年六月三十日為二千孝一 十三名) 美国或闽侵先郎数計劃 | 計學的第二十七號「综合及需定的原程表」及等 本規則互換簡單接的以下已類條記於數型二年本六年 /報訂的原格對原程告申助·考度會計學問及故障·本 | 接射器模合单则第三號[無符合併]同作出之等打 | 油存合本期間之意到基準 巴 司班項對作本集團綜合模型等 | 重新分類各平比較素率。在以往期間。 使用的数型分。由二等平五年一为一日。 使用之数数方式需生改变。或自对人作 包裹下。或数据是精力或变,就是二等 是重新由「病格型」與人「重任聯盟公司 社會服务的表现象的服 | 本典觀以雜意遊舞廳之鄉訪聯營公 5. 技服等海查數學與第二世級 1. 技服等海查數學 |
| 每 m 数 6 子 大 8 美 表 4 , 更 型 大 读 目 和 是 技 意 基 5 如 医 授) | 各唯會計學到及近轉數初始應用期間對本與國業業 | 点附点款见的影響·施行評估◆ | 引展定:本集整理店廳管公司 新西之鄉店鄉居公司部門或自 可及項權等一個一下九丁高別 | 应项之前表方点管生改要 - 改裁計人作 計画下 - 由此就是接方式改更 - 我是二零 [宣彰由 [假格及] 斯人 [皇记录至公司 ************************************ | 于三进城市田里至下市区附至村底 李五年六月三十日止之鹿佔非营公 提利就此携1內,但對是至二年年五 |
| 本行無有關的技術·及與工作相談的訓練課程·验此後升本規則的僱員多方面的技術和 知識。 | 15 (a) | 教下列目前或之世 同论之會計算例至及 | では、現在が一体一下ルは同之の 年六月三十日正之六番月之り 査事局成長 | * 英语双足型队员 _电 电 | |
| 表现,从务业效应公务 系 | 春炎(酸剤肝療薬労事別施理委員會) 使用機能を 第七載 | 總會計學制限二十九號 二年年六年三月一日 提供制器報告 報告 | 於本公佈日期,本公司董事 | | |
| 截至二季季六年六月三十日止六億月內·本公司並滅濟四·出售或赎回本公司之股份· | 等項(簡單財貨報告申財政商委員會) 等格財政報 第八款 | 古埃斯第二領之東區 二字序亦序双角元母 | | (李先生 (主席)、专录森先生 ((() () () () () () () () () () () () () | |
| 全集價估會獨守期 除各京執行董事無指定任期外、本公司在截至三季零六部六月三十日止六個月內均有提 | 著獎(國際財務報告集別能需委員會) 被人或勿生 年九號 | | . 尹忠 | 用先生。 建先生。李度是先生及余立仁 | * * / |
| 除各界联行董奉属指定任期外。本公司在联至三本平式等六月上十日正六间月四号有经守数於香房聯合交惠所有限公司整典上市规则附靠十四之企業管治系模守则內應用之守則-根據本公司並程超則-非執行董事須奉三年一次輸值退任並接受重應。 | 香港會對原對第一號推打 財務構在之 香港財務報告專制第七號 金融工具:相 | 登載: 資本被第 二年年七年一月一日 2番 二年年七年一月一日 | | 理先生、参照是先生及参址に 格先生、余類平先生及 参 類顧 | and the second of the second o |

(Page 1)



香港電燈集團有限公司 Hongkong Electric Holdings Ltd.

(Incorporated in Hong Kong with limited liability)
(Stock code: 006)

2006 INTERIM RESULTS

CHAIRMAN'S STATEMENT

Half Year Results

The Group's unaudited consolinated net profit, after tax and Scheme of Control transfers, for the first six months of 2006 was HK\$2,479 million, an increase of 8,4% over the same period last year. The Hongkong Electric Company, Ltd. (HEC) earnings for the period were HK\$2,178 million (2005) HK\$1,949 million; Barnings from the Group's international operations for the six month period were HK\$209 million compared with HK\$73 million for the same period in 2005. The lower first half 2006 international operations earnings reflected the disposal of a 22,07% interest in the Australian electricity businesses in December 2005.

Interim Dividend

The Directors have today declared an interim dividend for 2006 of \$8 cents (2005: 58 cents) per share. The dividend will be payable on 22nd September 2006, to shareholders whose names appear in the Company "Register of Members on 21st September 2006

The Register of Members will be closed from 14th September 2006 to 21st September 2006 both days inclusive. To qualify for the interim dividend, transfers should be lodged with the Registrars by 4:00 p.m. on 13th September 2006.

Hong Kong Operations

Growth in unit sales of electricity for the first six months of 2006 was 0.9%. Notwithstanding a stronger Hong Kong economy unit sales of electricity were only marginally higher than that for the same period last year. The low sales growth was primarily due to wetter and cooler weather and to the effect of various energy saving initiatives. Maximum demand in the first six months of the year was 2,434 MW compared with 2,363 MW for the same period in 2005.

Our continuing program to reduce emissions from the Lamma Power Station progressed during the first half of 2006, contracts are expected to be awarded in September this year for the flue gas desulphurisation retrofit work for Units 4 and 5. Laying of the 93km submarine gas pipeline from Shenzhen to the Lamma Power Station extension has been completed and the pipeline pressure tested. Cityl and engineering work for Unit 9 HEC's first 300 MW class gas fired combined cycle unit has been completed and first firing of the gas turbine was successfully achieved on 30th June 2005. The 800 kW wind turbine on Lamma Island which has been in operation since the end of September 2005 was officially commissioned on 23rd February 2006. In February, an education exhibit was opened on the site, which has attracted significant public interest in renewable energy.

Additional transmission facilities work for the Lamma Power Station which were commenced in 2005 progressed with the laying of the 275 kV cables from Lamma Island to Cyberport on Hong Kong Island being completed and one of the circuits being energized.

World class supply reliability was maintained in the first half of 2006 with reliability at 99.99%, a level that has been consistently achieved since 1997. Of the 5,008 million kWh of electricity sold during the period commercial sales made up 74.9%, domestic sales 21.1% and industrial sales! 4.0%.

In March, HEC made a guomission to the Hong Kong Government In response to the stage II edipositation on the future development of the electricity market in Hong Kong. Over 17,000 submissions were received by the Government in the consultation. Although much of the public discussion of Government's proposals for the electricity market has focused on teriffs and reliability of supply, a paper prepared by the Government summarizing the stage II consultation submissions stated that there is a general consensus that reliability and safety of supply is most important and should be the key consideration in the future development of the electricity market. Indeed, forecast power shortages in Guangdong province, along with recent blackouts in New York city and Auckland, New Zealand and the vulnerable supply situation in California are timely reminders for all of us of the central importance of security and reliability of electricity supply in Hong Kong, The recent heat wave reliability of electricity supply in Hong Kong, The recent heat wave reliability of electricity supply in Hong the stability and reliability of their respective power grids highlighting the importance of continued investment in electricity infrastructure.

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In Hong Kong, the existing scheme of control and the returns under that scheme have ensured the investment required to achieve the high degree of stability and reliability which is taken for granted in Hong Kong but not enjoyed in other parts of the world today. Although we support in principle Government's stated poley of providing safe and reliable electricity at reasonable prices with minimal environmental impact, our submission communicated to Government many concerns regarding the proposed arrangements including those in relation to the permitted rate of return, the duration of the regulatory framework and changes to emission penalties. We will continue to discuss these concerns with Government with a view to achieving an outcome that is both reasonable for our shareholders and also safeguards the vital interests of consumers in continued security and reliability of electricity single.

International Operations

During the first half of 2006, the Australian electricity businesses recorded increased electricity consumption and customer growth. Northern Gas Networks in the U.K. operated satisfactorily and is on track to meet its, operational and financial targets. In Thailand Defistration of the Ratichabur [1400] Way gas fried power station in which we have a 25% interest commenced, with completion of the power station are station scheduled for 2008. Financing arrangements for the power station were put in place earlier in the year.

Outloo

In Hong Kong we expect that the low growth in electricity sales experienced in the first half of the year will continue into the second half. In addition, high coal and natural gas prices will continue to put pressure on fuel costs. HEC's current electricity tariff is lower than it is entitled to charge under the current scheme of control. This is the fourth year in succession that HEC has foregone permitted return in order to benefit its customers by charging lower electricity tariffs than it is entitled to under the scheme of control.

Our international investments have performed well in the first half of 2006, bearing in mind the lower attributable interest in the Australian electricity businesses. We will continue with our strategy of investing outside Hong Kong so as to reduce our reliance on earnings from our electricity operations in Hong Kong. I would like to thank the board, management and staff for their hard work and dedication and our shareholders for their continued support.

Canning Fok Kin-ning

Hong Kong, 10th August 2006

FINANCIAL REVIEW

Capital Expenditure, Liquidity, Financial Resources and Gearing Ratio

Capital Expenditure during the period amounted to HK\$1,137 million, which was primarily funded by internal sources and external borrowings. As at 30th June 2006, total external borrowings, were HK\$12,042 million (31st December 2005; HK\$10,645 million), comprising unsecured bank loans and debt securities in issue.

As at 30th June 2006, committed banking facilities available to the Group were HKS7, 100 million, of which HKS5, 129 million had been drawn. In addition, the Group had liquid funds of HK\$4,957 million (31st December 2005; HK\$4,561 million). The gearing ratio (net debt/shareholders' funds) at 30th June 2006 was 17,% (31st December 2005; 1562).

Treasury Policies and Capital Structure

The Group finances its businesses by a combination of internal resources, bank borrowings and debt issuance. Financing activities are managed so as to ensure that committed facilities are available for refinancing and business needs.

As at 30th June 2006, the profile of external borrowings after taking into account of currency and interest rate swaps was as follows:

- 71% was denominated in Hong Kong dollars and 29% in Australian dollars;
- (2) 79% was bank loans and 21% capital market instruments;

- (3) 3% was repayable within 1 year, 87% was repayable between 2 to 5 years and 10% was repayable beyond 5 years;
- (4) 45% was in fixed rate or capped rate and 55% in floating rate.

Currency and interest rate risks are managed in accordance with the Group's treasury policy. Derivative financial instruments are used primarily for managing interest rate and foreign currency risks. It is the Group's policy, not to engage in speculative transactions. Treasury transactions are only executed with counterparties with acceptable credit ratings to control credit risk exposure. Foreign currency ransaction exposure is managed, utilising forward contracts and interest rate and currency swaps. As at 30th June 2006, over 95% of the Group's foreign exchange exposure was either denominated in US dollars or hedged into Hong Kong or US dollars. Currency exposure arising from international investments is where considered appropriate arising from international investments in with borrowings in the currency of the investment, Interest rate risk is managed by securing fixed rate borrowings or by using appropriate interest rate derivative instruments. The contractual notional amounts of derivative instruments outstanding at 30th June 2006 amounted to HK\$5.824 million (31st "December 2005; HK\$10,210 million).

Charges on Group Assets

As at 30th June 2006, the shares of an associate owned by the Groupwere pledged as part of the security arrangement for project financing facilities to that associate. The assets of the associate at 30th June, 2006 amounted to approximately HK\$827 million (31st December 2005; HK\$358 million).

Contingent Liabilities

As at 30th June 2006, the Company has given guarantees and indemolities in respect of bank and other borrowing facilities made available to subsidiaries and in respect of financial commitments of subsidiaries totalling HKSS.352 million (31st December 2005; HKSS,002 million). Out of this amount, HKSS,023 million (31st December 2005; HKS4S,11 million), while being a contrigent liability of the Company, is reflected in the Consolidated Balance Sheet of the

As at 30th June 2006, a wholly-owned subsidiary of the Company, The Hongkong Electric Company, Limited, has given guarantees to third parties in respect of of the value of leased equipment of HK\$210 million (31st December 2005: HK\$210 million) at expiry of the lease.

Employees

The Group continues its policy of pay for performance and market pay rates are monitored to ensure competitiveness is maintained. The Group's total remuneration costs for the six months ended 30th June 2006, excluding directors' emoluments, amounted to HK\$437 million (30th June 2005; HK\$447 million). As at 30th June 2006, the Group employed 1,960 permanent staff (30th June 2005; 2,013). No share option scheme is in operation.

Apart from well-established training schemes for university graduates, trainee technicians and apprentices, the Group also provides training for employees in language, computer knowledge and technology relevant to the Group's industry. As well there are job-related courses to enhance the general skills and knowledge of the Group's employees.

OTHER INFORMATION

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the six months ended 30th June 2006.

Code on Corporate Governance Practices

With the exception that non-executive directors are not applicable code a specific term, the Company has compiled with the applicable code provisions in the Code on Corporate Governance Practices set out if Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30th June 2006. According to the Company's Articles of Association, the non-executive directors are required to retire from office by rotation and be subject to re-election once every three years.

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT For the six months ended 30th June 2006

| FOR the SIX months ended Soin | June 2000 | |
|--------------------------------|--|---|
| And the second second | Six months end | |
| 工程等以及对于一个 不同 | 2006 | 2005 |
| | Note HKS million | HKS million |
| MITTER TO STANK | | Restated |
| Turnover 14 3 | 3 2 5,653 | 5,363 |
| Direct costs area. | (1,989) | (1,993) |
| WARREN LAND LESS | 3,664 | 3/370 |
| Other revenue and net income | 5 417 | 482 |
| Other operating costs | (404) | (409) |
| Finance costs | (181) | (298) |
| Operating profite | 3,496 | 143 |
| Share of profits less losses. | 7 | and were |
| of associates 2.29 m | .73 | 7.740 |
| Profit before taxation | 3.569 | 3.285 |
| Income tax | (572) | (540) |
| 一个。在一个数据数据的数据信息的数 | 2 | 1 1 1 A S - 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 |
| Profit after taxation | 15 2,997 | 2.745 |
| Scheme of Control transfersito | 6 5 3 | Fulford 577 |
| Development Fund | .(518) | (A58) |
| Rate Reduction Reserve | | |
| | (518) | (458) |
| Profit attributable to equity | | With Seattle |
| shareholders | | (a) (基本在 |
| Local activities | 2,270 | 1.974 |
| Overseas activities | 209 | 313 |
| Profit for the period | 2,479 | 2 287 |
| | | |
| Interim dividend | 7 7 1,238 | 1,238 |
| Earnings per share | e 8 116 cents | 107 cents |
| 一、图中主体系列的公司 医神经肠炎 经营业 | AND THE RESERVED TO THE RESERV | |
| Interim dividend per share. | | 58 cents |

CONSOLIDATED BALANCE SHEET

| At 30th June 2006 | | |
|--|--|---|
| TO THE PARTY STRAIGHT OF THE | (Unaudited) | (Audited) |
| | 30th June 31st | December |
| 。""这个女子的一个是是这个人的。" " | 2006 | 2005 |
| Note that the same of the same | . HKS million: H | KS million |
| | Section 14 | e to care la |
| Non-current assets | | 1. 54 P. |
| Fixed assets/ | | |
| Property, plant and equipment | 37,700 | 38/294 |
| - Assets under construction | 6,222 | 5,524 |
| -Interest in leasthold lands | | A 1597 (*) |
| held for own use under | Control of the Control | |
| operating leases | 2,412 | 2.440 |
| LOCATION NOT TO THE PARTY | Colon - 46,334 | 46,258 |
| | | 5.780 |
| Interestin associates | 5.741 | |
| Other non-current financial assets | 1,687; | 1,682 |
| Derivative financial instruments | 44 | . 29 |
| Deferred tax assets in Section 2 | . 12 | |
| Employee retirement benefit assets | 192 | 7 170 |
| | 54,010 | 77.53.933 |
| Current assets | | 70,000,000 |
| Current assets | 45.436.300.864.455. | PARTY AND |
| Inventories | 502 | 445 |
| Trade and other receivables 9 | 1,454 | 1,090 |
| Fuel Clause Account | 815 | 1.079 |
| Cash and cash equivalents 12 | 4,957 | 4,561 |
| | | |
| | 7,728 | 2.247,175 |
| Current liabilities | | N. 15 |
| Trade and other payables 07 11 | (879) | 3'(1.068) |
| Bank overdrafts -unsecured | (5) | (8) |
| Current portion of bank loans | | |
| | (393) | (354) |
| and other borrowings | (500) | (220) |
| Current taxations | | and the series |
| | (1,777) | (1,650) |
| Net current assets | 5.951 | 5.525 |
| The Current assets and the second | A | 100 11 14 17 17 1 |
| Total assets less current | | |
| Liabilities | 59,961 | 59,458 |
| | to a program of | Vender Spein. |
| Non-current Habilities | | |
| Interest-bearing borrowings | (11,644) | (10,209) |
| Conferred creditors and other payable | | ా (52), |
| Derivative financial instruments | (1) | (287) |
| Customers deposits. | (1,525) | (1,508) |
| Deferred tax liabilities | (5;409) | (5,382) |
| Employee retirement benefit" | The state of the s | nickind of 1975 |
| liabilities | 3 € (333). | (335) |
| | (18.912) | ~ /(17,773) |
| | | F-4(1-4: kh2) |
| Rate Reduction Reserve | 14 (1.44) 14 (14 | 27.076722 |
| 2000年1月1日中央中央11月1日 11月1日 11月1 | the state of the s | gray durant wa |
| Development Fund | . (518) | 并被50000mg |
| Net Assets | 40,531 | . 41,685 |
| Net Assets | 20 St. 10 St | * |
| Capital and Reserves | 公司的基金是否的企 | CALL BOA |
| Share capital . | 2,134 | 2,134 |
| Reserves | 38,397 | 39,551 |
| The state of the s | | DEC SERVE |
| Total equity attributable to equity | 40,531 | TOTAL TERM |
| | | 41,685 |
| shareholders of the Company | Control of the second | 04-20-014-04-05 |

ないない。 2017年1月1日 - 1817年 - 18

Review of Condensed Interim Financial Statements

The condensed interim financial statements are unaudited, but have been reviewed by the Audit Committee.

Basis of Preparation

The condensed interim financial statements have been prepared in accordance with the applicable provisions of the Rules Governing the Listing accordance with the applicable provision of the Rules Governing the Listing Kong Accounting Standard (*HAKS*) 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (*HKICPA*).

("HKICPA"). The condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2005 annual financial statements, accept for the accounting policy changes that are expected to be reflected in the 2006 annual financial statements. The HKICPA has issued a number of new and revised flong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKRSS") which are effective or available for early adoption for the accounting periods beginning on or after 1st January 2005. In 2005, the Croup has adopted the following has HKRSS perinent to its operations, results and financial position for the current or prior periods.

- (a) Amendment to HKAS 21 The Effects of Changes in Foreign Exchange Rutes Net Investment in a Foreign Operation
- Amendment to HKAS 39 Financial Instruments: Recognition and Measurement Cash Flow Hedge Accounting of Forecast Intragroup Transactions
- Amendment to HKAS 39 Financial Instruments: Recognition and Measurement The Fair Value Option
- Amendment to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 4 Insurance Contracts Financial Guarantee Contracts
- (e) HKFRS Interpretation 4 Determining Whether an Arrangement Contains a Lease
- Amendments, as a consequence of the Hong Kong Companies (Amendment) Ordinance 2005, to HKAS I Presentation of Financial Statement, HKAS 27 Consolidated and Separate Financial Statements and HKFRS 3 Business Combinations

The Group has not early adopted the following hew/revised HKRRS, HKASs and Interpretations that have been issued but not yet effective for the accounting period ending 31st December 2006. The Group is in the process of making an assessment of the impact of these new/revised HKRRS, HKASs and Interpretations to the Group's results of operations and financial position in the period of initial application.

| and financial position | ou in the belied of thitist abbits | cation. |
|-------------------------------|--|--|
| | | Effective for accounting periods beginning on or after |
| HK(IFRIC) Interpretation 7 | Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies | 1st March 2006 |
| HK(1FRIC) Interpretation 8 | Scape of HKFRS 2 | lst May 2006 |
| HK(IFRIC) Interpretation 9 | Reassessment of Embedded Derivatives | lst June 2006 |
| Amendment to HKAS I | Presentation of Pinancial Statements: Capital Disclosures | I st January 2007 |
| HKFRS 7 | Financial Instruments: Disclosure | 1st January 2007 |
| Turnover and Segr | nental Information | |
| | | |

The analyses of the principal activities and geographical locations of the operations of the Group during the financial period are as follows:

| | | hs ended | Six month | |
|--------------------------|-------------|-------------|----------------|--------------|
| | 2006 | June | 30th . 2006 | une 2005 |
| | | 2005 | HKS million | |
| n | V2 million | HV2 million | Hr2 minion | WY3 WILLION |
| Principal activities | | | | |
| Sales of electricity and | d | | | |
| its related income | 5,634 | 5,338 | 3,281 | 2,998 |
| Technical service fees | 19 | 25 | 4 | |
| Unallocated and | | | | |
| other items | | | 76 | |
| | | 6.363 | | 2.003 |
| | 5,653 | 5,363 | 3,361 | 3,003 |
| | | === | | |
| Interest income | | | 327 | 459 |
| Finance costs | | | (181) | (298) |
| Unallocated group ext | enses | | (11) | - (19) |
| Operating profit | | | 3,496 | 3,145 |
| Operating profit | | | | |
| Geographical location | ns of opera | tions | | |
| | | | - | ١. |
| | | | Turnev | |
| | | 51: | k months ende | |
| | | | 2006 | 2005 |
| | | HI | (\$ million | HK\$ million |
| Hone Kone | | | 5,647 | 5,355 |

Hong Kong Rest of Asia and other locations 5,653 5,363 Profit Before Taxation

Six months ended 30th June 2006 2005 BK\$ million HK\$ million Profit before taxation is shown after charging/(crediting);

Depreciation
Depreciation charges for the period
Less: depreciation capitalised 1,008 (67) 999 (69) Amortisation of leasehold land Net profit on disposal of fixed assets Share of associates' taxation 27 (3) 25 Income Tax

| Income i an | | |
|--|-----------------------|-------------------------|
| | Six months en 2006 | ded 30th June 2005 |
| | HK\$ million | HKS million restated |
| Current Tax The Company and its subsidiaries — Hong Kong | 542 | 437 |
| Deferred Tax The Company and its subsidiaries — Hong Kong — Overseas | 29 | 103 |
| Total | | 540 |

Total

540 572

(Page 2)

Hong Kong Profits Tax has been provided for at the rate of 17.5% (2005: 17.5%) based on the estimated assessable profits for the period. Overseas taxation has been provided for at the applicable rate on the estimated taxation fast.

Scheme of Control Transfers

The Scheme of Control transfers are a mid year notional transfer. The actual Scheme of Control transfers can only be determined in accordance with the Scheme of Control at the year end.

Interim Dividend

After the balance sheet date, the interim dividend declared by the Board of Directors is as follows:

| | Six months en | |
|--|---------------------|----------------------|
| • | 2006 HKS million | 2005 HK\$ million |
| | | 7714 |
| Interim dividend of 58 cents per share (2005: 58 cents per share) | 1,238 | 1,238 |

Earnings Per Share

The calculation of eurnings per share is based on the profit attributable to equity shareholders of HK\$2,479 million (2005: HK\$2,287 million) and 2.134,261,654 ordinary shares (2005: 2,134,261,654 ordinary shares) in issue during the period.

Trade and Other Receivables

| | 30th. June 2006 HK\$ million | 31st December 2005 HK\$ million |
|--|------------------------------------|---------------------------------------|
| Derivative financial instruments Debtors (see note below) | 14 1,440 | 32 1,058 |
| | 1,454 | 1,090 |
| Debtors' ageing is analysed as follows: Within I month I to 3 months overdue More than 3 months overdue but | 742 26 | 555 28 |
| less than 12 months overdue | 10 | 10 |
| Total trade debtors (see note below) Deposits, prepayments and other receivable | 778 662 | 593 465 |
| | 1,440 | 1,058 |

Electricity bilts tassed to demettic, small industriat, commercials and introductions unioners of electricity sugalities and set upon precisation whereas maximum demand customers are allowed a credit period of 16 working days. If settlements by maximum demand customers are received after the credit period, The Hongkong Electric Company, Limited is entitled to add a surcharge of 5% to the respective bilts.

10. Cash and Cash Equivalents

| | | 2006 | 200 |
|-----|--|----------------------|---------------|
| | | HK\$ million | HK\$ million |
| | Deposits with banks and other | | |
| | financial institutions | 4,938 | 4,54 |
| | Cash at bank and on hand | 19 | |
| | 1.0 | 4,957 | 4,56 |
| 11. | Trade and Other Payables | | |
| | | 30th June | 3 Ist Decembe |
| | and the second s | 2006 HK\$ million | HK\$ million |
| | Creditors (see note below) | 878 | 1,04 |
| | Current portion of deferred creditors Derivative financial instruments | - | . 2 |
| | Derivative financial instruments | | |
| | | 879 | 1,06 |
| | Creditors' ageing is analysed as follows: | | |
| | Due within I month | 181 | 35 |
| | Due after I month but within 3 months | 101 | 171 |
| | Due after 3 months but within 12 months | 559 | 48. |
| | | 841 | 1,013 |
| | Other payables | 37 | . 2 |
| | | 878 | 1,04 |
| | | | |

12. Comparative Figures

Comparative Figures

Certain comparative figures have been reclassified to confirm with the current period's presentation. In prior periods, the Group's share of taxation of associates accounted for using the equity method was included as part of the Group's income tax in the Consolidated Profit and Loss Account. With effect from 1st January 2005, in accordance with the implementation guidance in HKAS 1, the Group has changed the presentation and included the share of saxation of it societies in the respective shares of profit or loss before tax. As a result of the changes in presentation, share of taxition of associates for the period ended 20th June 2005 amounted to HKS 19 million was regrouped from "Income Tax" to "Share of Profits Less Losses of Associates". There was no impact on the Group's estimings for the six months ended 30th June 2005.

Board Composition

As at the date of this announcement, the Directors of the Company

Mr. FOK Kin-ning, Canning (Chairman), Mr. TSO Kai-sum (Group Managing Director), Mrs. CHOW WOO Mo-fong, Susan, (also alternate to Mr. FOK Kin-ning, Canning and Mr. Frank John SIXT), Mr. Andrew Joha HUNTER, Mr. KAM Hing-lam, Mr. LEE Lan-yee, Francis, Mr. LI Tzar-kuoi, Victor, Mr. Neil Douglas MCGEE, Mr. Frank John SIXT and Mr. WAN Chi-tin.

Non-executive Directors:

and the state of t

Mr. Ronald Joseph ARCULLI, Mr. George Colin MAGNUS and Mr.

Independent Non-executive Directors:

Mr. Holger KLUGE, Mr. Ralph Raymond SHEA and Mr. WONG Chung-hin.